

# GOVERNMENT OF THE DISTRICT OF COLUMBIA



DEPARTMENT OF INSURANCE,  
SECURITIES AND BANKING  
Thomas E. Hampton, Commissioner



## What You Need to Know About Fraud

### What is Insurance, Securities and Banking Fraud?

**F**raud happens when someone tries to make money from insurance, investment or banking transactions by deceiving others. Insurance, securities and banking fraud are criminal offenses in the District of Columbia. Fraud is a serious problem that the Council of the District of Columbia, with the advice of the Department of Insurance, Securities and Banking (DISB), has been proactive in formulating financial-services fraud laws to deter these criminal activities.

### Who Pays for Fraud?

Generally, we all pay for fraud—either in the form of higher premiums, less investor confidence or stolen funds or identity. [Insurance fraud](#) costs consumers millions of dollars in premiums every year. Insurance companies and the general public pick up the tab

Where to report Insurance,  
Securities or Banking Fraud

#### Telephone

Enforcement and Investigation Bureau  
**(202) 727-8000 or (202) 727-1563**

#### OR

Fraud Report Hotline  
(Co-sponsored by the National Insurance  
Crime Bureau)  
**1-800-835-6422**

#### Address

Department of Insurance,  
Securities and Banking  
Enforcement and Investigation Bureau  
1400 L St., NW, Suite 400  
Washington, D.C. 20005

#### E-mail

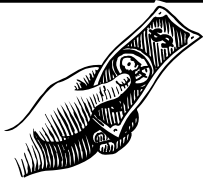
[EIB.DISB@DC.GOV](mailto:EIB.DISB@DC.GOV)

#### Fax

(202) 727-1290

#### Internet

Fraud Reporting Forms at  
[www.disb.dc.gov/Services/Fraud Alerts  
and Reporting](http://www.disb.dc.gov/Services/Fraud%20Alerts%20and%20Reporting)



through increased insurance rates, higher taxes and inflated prices for consumer goods and services.

Insurance fraud includes staged accidents, arson-for-profit and claim fraud, among other. It is estimated that the average American household pays \$300 a year in additional premiums to compensate for insurance fraud. **Securities fraud** or investment fraud is a crime where investors are deceived and manipulated, resulting in theft. The fraud may include pump and dump schemes, affinity fraud, unsuitable recommendations, unlicensed securities sellers and the like. This type of fraud makes investors overly cautious, undermining investor confidence, which affects the entire economy. It is estimated that securities fraud totals about \$40 billion per year. **Banking fraud** involves transactions by a fraudster into legitimately owned accounts. The fraud may include predatory lending, credit card fraud, phishing, identity theft and other types of financial fraud. Check fraud *alone* accounts for yearly losses of at least \$815 million. Consumers are robbed of both confidence and money, which make a personal impact on everyday life.

### **What is the role of DISB's Enforcement and Investigation Bureau?**

DISB's Enforcement and Investigation

Bureau can only investigate allegations of fraud or unlawful behavior on the part of insurance entities, securities firms, agents, brokers, financial institutions or individuals determined to cheat the system. When such fraud or abuse is found, the bureau amasses the necessary evidence and turns it over to the United States Attorney for prosecution. It enforces the D.C. Insurance Fraud Prevention and Detection Amendment Act of 1998 and Subchapters V and VI of The Securities Act of 2000. Also, it enforces all D.C. banking laws.

### **How can you help the Enforcement and Investigation Bureau in its Battle Against Fraud?**

The bureau only investigates suspected or alleged fraudulent and criminal insurance, securities and banking activities. We need your help in the fight against these serious crimes. If you suspect financial-services fraud, or if you have become a victim, please report it to the bureau as soon as pos-

### **Some Common Types of Fraud:**

Overstated and Padded Claims \* Staged Accidents \* Agent Fraud \* Application Fraud \* Workers' Compensation \* Medical Provider \* Promissory Note Scams \* Blind Offerings \* Predatory Lending or Mortgage Scams \* Senior Investment Fraud \* Selling Securities Without a License \* Internet Fraud...

***If it sounds too good to be true,  
it probably is!***

sible. ***Any person reporting financial-services fraud in good faith is immune from civil liability.***

That means that no one can take any adverse action against you for reporting what you reasonably believe or suspect to be fraud. Your report is confidential. The bureau works on referrals submitted by the insurance, securities and banking industries, other regulatory agencies, law enforcement agencies, and, most important, private citizens.

### **Which investigations the Enforcement and Investigation Bureau Will NOT Do?**

Because there are other investigative or regulatory agencies, the bureau does not investigate fraudulent activities in the following:

- D.C. Government Employee-Related Insurance Benefits and Fraud
- Medicare Fraud
- Social Security Fraud
- Medicaid Fraud
- IRS Fraud

### **What is Fraud Awareness Week?**

DISB has joined the Association of Certified Fraud Examiners in supporting National Fraud Awareness Week, from July 9 to 14, 2006. DISB will use the occasion to teach consumers and businesses about recognizing various types of financial-services fraud, how to protect themselves, and how to fight against it.

## **Contact the Enforcement and Investigation Bureau**

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*This information was made courtesy of DISB's Enforcement and Investigation Bureau.*



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